

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **7769**



Introduced by Honorable EULOGIO "LEO" R. RODRIGUEZ

EXPLANATORY NOTE

Micro, small and medium enterprises (MSMEs) form the backbone of the Philippine economy. According to a 2023 data from the Philippine Statistics Authority (PSA), MSMEs constitute 99.63% of all the enterprises nationwide and employ 66.97% or 6.351 million of the total workforce. Despite this, the country has yet to fully capitalize on the potential of MSMEs as a driver for national productivity, job generation, and inclusive economic growth.

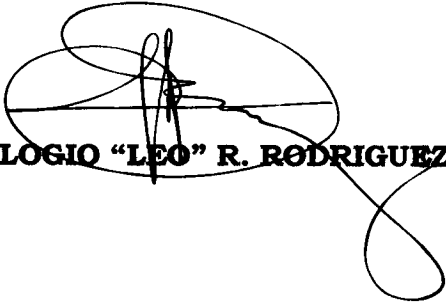
In terms of employment, the Philippines' MSME sector continues to lag behind other Asian counterparts. In Indonesia, 97% of total jobs are generated by MSMEs; 72% in Thailand; 71% in Singapore; and in India, around 111 million people are employed in by the MSME sector. The promotion of MSMEs can prove vital in addressing unemployment, which currently stands at 3.7%, spreading economic growth across different segments of the society, and stimulating countryside development. At present, MSMEs are heavily concentrated in NCR, CALABARZON and Central Luzon, with relative low presence in the regions of ARMM and Caraga. Moreover, while accounting for two-thirds of the workforce, the contribution of MSMEs to the country's GDP remains at only around 40%. In contrast with Taiwan and South Korea, which nurtured an environment for start-ups and MSME growth, the country's MSME sector has yet to deliver significant boost to our economy.

The Philippine Institute for Development Studies (PIDS) identified three major challenges confronting MSMEs in the country: (a) low rates of business entry, (b) low productivity, and (c) failure of most MSMEs to grow. To address these challenges, this bill seeks to empower the youth sector to reenergize the economy by infusing new blood to the MSME sector through the establishment of the Philippine Entrepreneurs Academy. The Academy shall formalize and integrate the non-formal entrepreneurship programs and short-courses of the TESDA, DTI, DOST and other government agencies and offer degree courses, short-term courses, and modular trainings. By cultivating a culture of entrepreneurship, developing the practical know-how of the youth in skilled trade and management, and bolstering support through a specialized institute that would cater to the distinct needs in providing entrepreneurial education, we would be able to facilitate the growth of MSME's as driver towards the twin goals of national productivity and job creation.

Notably, the House of Representatives had already approved this bill seeking to establish the Philippine Entrepreneurs Academy on Third and Final Reading during the 19th Congress. However, due to lack of material time, the Senate was unable to consider and approve the said measure. In this view, to maximize the

potential of the MSME sector, this representation has filed the same bill in the 20th Congress.

Hence, the immediate passage of this bill is earnestly sought.



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AN ACT
ESTABLISHING THE PHILIPPINE ENTREPRENEURS ACADEMY, AND
APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and the House of Representatives of the Philippines in the Congress assembled:

SECTION 1. *Short Title.* – This Act shall be known as the “Philippine Entrepreneurs Academy Act.”

SEC. 2. *Establishment.* – There is hereby established a learning institution under the supervision of the Commission on Higher Education (CHED), to be known as the “Philippine Entrepreneurs Academy”, hereinafter referred to as the Academy.

SEC. 3. *General Mandate.* – The Academy shall provide undergraduate and graduate degree programs, short-term technical-vocational non-degree courses and modular trainings that will enhance the core competencies of individuals on entrepreneurship. It shall cater to technical-vocational, college, and graduate students. It shall also promote the relevance of entrepreneurship to job generation and its significant role to the sustainable economic growth of the country.

The Academy shall formalize and integrate, under a school system, the non-formal entrepreneurship programs and short-term technical-vocational courses of the Technical Education and Skills Development Authority (TESDA), Department of Trade and Industry (DTI), Department of Science and Technology (DOST), and other government agencies. It shall administer education and consultancy, and supervise publication on entrepreneurship. It shall also conduct scientific and policy-oriented research and training.

SEC. 4. *Curricular Offerings.* – The Academy shall offer undergraduate and graduate degree programs and short-term diploma or certificate courses on entrepreneurship, including entrepreneurship development in the fields of agriculture, trade, technology, and the manufacturing sector. The curriculum and modules of the programs shall be designed and developed following the competency-based curriculum model and in accordance with the mandate of this Act.

SEC. 5. *School Sites.* – The Academy shall have its main campus in the Clark Freeport and Special Economic Zone located in the Provinces of Pampanga and Tarlac, to be known as the Entrepreneurs Academy-Clark Campus. It may establish

one (1) satellite campus per region of the country, if necessary, to achieve the objectives of this Act.

SEC. 6. *Governing Board.* - The governing board of the Academy shall be the Board of Trustees, hereinafter referred to as the Board, which shall be chaired and co-chaired by the Chairperson of the CHED, and the President of the Academy, respectively, with the following as members:

(a) Chairperson of the Committee on Higher, Technical and Vocational Education of the Senate;

(b) Chairperson of the Committee on Higher and Technical Education of the House of Representatives;

(c) Director General of the TESDA;

(d) Director General of the National Economic and Development Authority (NEDA);

(e) Secretary of the DOST;

(f) Secretary of the DTI;

(g) President of the federation of faculty associations of the Academy;

(h) President of the federation of student councils of the Academy;

(i) President of the federation of alumni associations of the Academy; and

(j) Two (2) prominent citizens from the private sector who have distinguished themselves in their professions or fields of specialization.

The members of the Board shall not receive any compensation or remuneration for their services as such, but may be reimbursed for actual and necessary expenses incurred in discharging the business of the Academy.

SEC. 7. *Powers and Duties of the Board.* - The Board shall be the highest policymaking body of the Academy. In addition to its general powers of administration and the exercise of all the powers granted to the Board of a corporation under existing laws, the Board shall have the following specific powers and duties:

(a) Promulgate and implement policies in accordance with the declared State policies and pertinent provisions of the Philippine Constitution on education, as well as policies, standards and thrusts of the CHED under Republic Act No. 7722, otherwise known as the "Higher Education Act of 1994";

(b) Prepare, adopt and enact rules and regulations not contrary to law, as may be necessary to carry out the purposes and functions of the Academy, and to effectively discharge its responsibilities;

(c) Receive assistance from any legitimate source to augment the internal sources of funds, as may be provided, for the support of the Academy in the manner

it may determine, in its discretion, to carry out the purposes and functions of the Academy;

(d) Constitute the Board, as herein defined;

(e) Appoint the President and as many Vice-Presidents as may be necessary to assist the President in the administration of the affairs of the Academy;

(f) Review periodically the administrative procedures and programs of the Academy;

(g) Receive, in kind and in trust, legacies, gifts and donations of real and personal properties of all kinds, to administer and dispose the same when necessary for the benefit of the Academy, subject to limitations, discretions and instructions of the donors, if any;

(h) Fix the tuition fees and other school charges such as matriculation fees, graduation fees, laboratory fees, and other miscellaneous fees as the Board may deem proper to impose after due consultations with the involved sectors: *Provided*, That these fees shall not be prohibitive or unreasonable as to deviate from the purpose for which the Academy was created based on the guidelines of the CHED;

Such fees and charges, including government subsidies and other incomes generated by the Academy, shall constitute its regular fund and shall be deposited in any authorized government depository bank, and all interests that shall accrue therefrom shall form part of the same fund for the use of the Academy.

Any provision of existing laws, rules and regulations to the contrary notwithstanding, any income generated by the Academy from tuition fees and other charges, as well as from the operation of auxiliary services and land grants, shall be retained by the Academy, and may be disbursed by the Board for instruction, research, extension services, or other programs and projects of the Academy: *Provided*, That all fiduciary fees shall be disbursed for the specific purposes for which they were collected.

If for reason beyond its control, the Academy shall not be able to pursue any project for which funds have been appropriated and allocated under its approved program of expenditures, the Board may authorize the use of said funds for any reasonable purpose which, in its discretion, may be necessary and urgent for the attainment of the objectives and goals of the Academy.

(i) Adopt and implement a socialized tuition scheme for greater access of poor, but deserving students in accordance with Republic Act No. 10931 or the "Universal Access to Quality Tertiary Education Act";

(j) Authorize the construction or repair of its buildings, machineries, equipment, and other facilities, as well as the purchase and acquisition of real and personal properties, including the necessary supplies, materials, and equipment;

(k) Appoint, upon the recommendation of the President of the Academy, the deans, executive directors, heads of departments, faculty members, and other officials and employees;

(l) Prescribe the salaries of faculty members and administrative officials and employees, subject to the provisions of Republic Act No. 11466, otherwise known as the "Salary Standardization Law of 2019" and civil service rules and regulations governing hours of service and related concerns, and other pertinent laws;

(m) Formulate and implement the curricula and institutional programs of the Academy: *Provided*, That they comply with the minimum CHED requirements and guidelines;

(n) Formulate and promulgate the rules of discipline for the students of the Academy to ensure orderly and effective governance thereof;

(o) Set policies on admission and graduation of students: *Provided*, That they conform with the CHED guidelines;

(p) Award honorary degrees upon persons in recognition of outstanding contribution in the field of education, public service, arts, science and technology, or any field of specialization within the academic competence of the Academy and to authorize the issuance of certificates of completion of non-baccalaureate programs and nontraditional or innovative courses: *Provided*, That these conform with the applicable guidelines of the CHED and TESDA;

(q) Establish research and extension centers of the Academy where such will promote the development of the latter;

(r) Establish professorial chairs in the Academy and provide fellowships for qualified faculty members and scholarships to deserving students;

(s) Enter into any agreements or joint ventures with business and industry for the profitable management of the economic and manpower assets of the Academy, the proceeds from which shall be used for the upgrading of facilities and its development;

(t) Authorize an external management audit of the Academy, to be financed by the CHED, subject to the rules and regulations of the Commission on Audit and institute reforms, including academic and structural changes, on the basis of the audit results and recommendations;

(u) Import economic, technical and cultural books and publications;

(v) Develop consortia, academe-industry linkages and other forms of networks with other institutions and agencies, both public and private, local and foreign: *Provided*, That these comply with the applicable guidelines of the CHED in furtherance of the purposes and objectives of the institutions as well as develop academic arrangements for institution capacity and capability building with appropriate institutions and agencies, public and private;

(w) Appoint experts and specialists as consultants, or visiting or exchange professors, scholars, researchers, as the case may be: *Provided*, That the appointment shall conform to the CHED guidelines;

(x) Set up the adoption of modern and innovative modes of transmitting knowledge, such as the use of information technology, the dual training system, open

distance learning, and community laboratory for the promotion of greater access to education;

(y) Outsource, where most advantageous to the institution, the management of non-academic services such as health, food, building or grounds or property maintenance and similar objectives;

(z) Delegate any of its powers and duties to the President or the other officials of the Academy, as it may deem appropriate, so as to expedite the administration of the affairs of the Academy;

(aa) Extend the term of the President of the Academy beyond the age of retirement, when deemed meritorious due to outstanding performance, but not later than the age of seventy (70) years old; and

(bb) Promulgate rules and regulations, as may be necessary, to carry out the purposes and functions of the Academy.

SEC. 8. *President of the Academy.* - The Academy shall be headed by a President, who shall render full-time service and shall be appointed by the Board upon the recommendation of a duly constituted Search Committee. The President shall also be the chief executive officer of the Academy.

The President shall have a term of four (4) years and shall be eligible for reappointment to another term. Within six (6) months before the expiration of the term of office of the incumbent President of the Academy, the Board shall constitute the Search Committee for the Presidency.

The President shall receive such compensation and remuneration in accordance with Republic Act No. 11466 or the "Salary Standardization Law of 2019", and by such other laws amendatory thereto, which may hereinafter be enacted, and shall be comparable to that being received by the Presidents of similar educational institutions.

The President shall exercise the following powers and duties:

(a) Submit, for the consideration of the Board and the Executive Committee, the policies and measures which are necessary to carry out the purposes of the Academy;

(b) Recommend, coordinate, and administer the programs and projects of the Academy;

(c) Direct and supervise the operations and internal administration of the Academy, and delegate administrative responsibilities in accordance with the rules and regulations of the Academy;

(d) Submit an annual report to the Board setting forth the accomplishments of the Academy during the year, its financial operations and status, and a program and budget for the ensuing year; and

(e) Exercise other powers and discharge other functions, as may be vested by the Board and the Executive Committee.

The Board shall designate an Officer-In-Charge (OIC) of the Academy in case of vacancy in the Office of the President by reason of death, compulsory retirement, resignation, removal for cause or incapacity of the President to perform the functions of the office, pending the appointment of a new President: *Provided*, That the OIC shall serve only during the unexpired portion of the term.

The powers and duties of the President of the Academy, in addition to those provided in this Act, shall be those usually pertaining to the Office of the President of similar educational institutions, and those delegated by the Board.

SEC. 9. *Executive Committee.* - There shall be an Executive Committee consisting of the President of the Academy and four (4) other members to be elected by the Board from its members. Each Member of the Executive Committee, other than the President of the Academy, shall hold office for a term of two (2) years, and shall be eligible for re-election, unless at the time of election, a shorter term is specified. The Board shall elect the Chairperson of the Executive Committee from the membership of the Board.

SEC. 10. *Functions of the Executive Committee.* - The Executive Committee shall administer the affairs of the Academy in accordance with such functions, powers and responsibilities as may be delegated by the Board.

SEC. 11. *Government Support and Coordination.* - The CHED Chairperson is hereby authorized to call upon any department, bureau, agency or instrumentality of the government for such assistance as may be necessary for the effective implementation of this Act.

SEC. 12. *Tax Exemption.* - The importation of economic, technical and cultural books and publications, which are for economic, technical, vocational, scientific, philosophical, historical or cultural purposes made by the Academy, upon certification by the CHED, shall be exempt from customs duties in accordance with the provisions of Republic Act No. 10863, otherwise known as the "Customs Modernization and Tariff Act".

All grants, bequest, endowments, donations and contributions made to the Academy, to be used actually, directly and exclusively by it, shall be exempt from donor's tax and the same shall be considered as allowable deduction from the gross income in the computation of the income tax of the donor, in accordance with the provisions of the National Internal Revenue Code of 1997, as amended.

SEC. 13. *Appropriations.* - The amount necessary to carry out the provisions of this Act shall be included in the annual General Appropriations Act.

SEC. 14. *Implementing Rules and Regulations.* - Within ninety (90) days from the effectivity of this Act, the CHED, in coordination with the TESDA and the DTI, shall formulate the necessary rules and regulations to fully implement the provisions of this Act.

SEC. 15. *Separability Clause.* - If, for any reason, any part or provision of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 16. *Repealing Clause.* – All laws, presidential decrees, executive orders, proclamations or administrative regulations that are inconsistent with the provisions of this Act are repealed, amended, or modified accordingly.

SEC. 17. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,